

CHAPTER 1: BUSINESS DESCRIPTION

History

Over the last 70 years, the Washington State Liquor Control Board (LCB) has provided more than \$4 billion to state and local budgets through the sale and distribution of alcohol beverages. In FY 2003, the LCB distributed over \$224 million to state and local governments from profits, taxes, and license fees imposed on the sale of spirits, wine, and beer. In FY 2004, that amount is expected to exceed \$245 million.

The LCB has a long history as a revenue generator for the state. In 1933, after 12 years of prohibition, the 21st Amendment to the U.S. Constitution ended prohibition and provided states complete authority to regulate the distribution and sale of liquor. That same year the Washington State legislature passed the Steele Act, creating the Liquor Control Board. Under the Steele Act, tight control of liquor distribution was established through state ownership of liquor stores and strict regulation of privately owned restaurants, stores, and dispensaries that sell beer and wine.

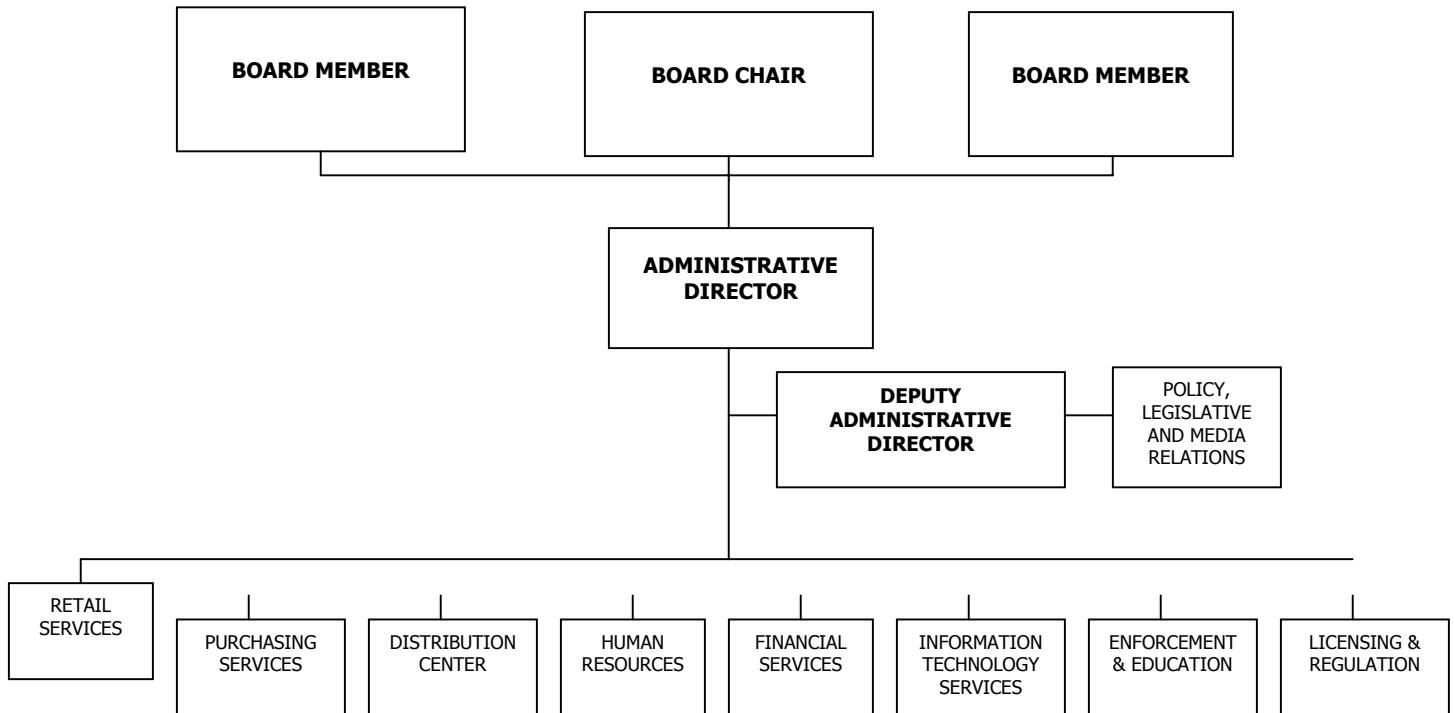
By the end of 1934, the Liquor Control Board had 46 state-operated stores and 105 contract liquor stores. Over 6,400 retailers were licensed to sell beer and wine. Today, Washington has 161 state-run stores, 154 contract liquor stores, and more than 13,000 liquor-licensed premises throughout the state.

There are 19 states with alcohol control systems. One state, Maryland, has a control jurisdiction rather than a statewide system. All but five of these states control retail sales, collecting taxes and profits from the sale of liquor. ~~These 19 states all have chosen to maintain their control systems since Prohibition ended. None of these states has abandoned its control system since Prohibition ended.~~

The LCB is administered by a three-member Board appointed by the Governor and confirmed by the Senate for six-year staggered terms. An Administrative Director manages the daily operations of the agency. The following three divisions are responsible for the retail and wholesale operation. These combined operations are the focus of this business plan:

1. Retail Services
 2. Purchasing Services
 3. Distribution Center
-

The agency organization chart follows.



LCB Mission Statement

The mission of the Liquor Control Board is to serve the public by preventing the misuse of alcohol and tobacco through controlled distribution, enforcement, and education; and provide excellent customer service by operating efficient, convenient, profitable retail stores. ~~(Note: either add profitable on the other mission statement, or take it out here.)~~

Retail Mission Statement

The mission of Retail Services is to provide an outstanding retail-oriented marketing and distribution system, promote responsibility in the use of alcohol, and generate revenue to support essential public services.

Strategic Goals

The LCB has also developed the following strategic goals:

- ❑ (1) Maximize revenues to the citizens of Washington.
- ❑ (2) Enhance public safety by enforcing liquor and tobacco laws.
- ❑ (3) Educate the public about the LCB mission and contributions to the community.
- ❑ (4) Recruit, develop, retain and value a high quality diverse workforce.

Business Plan Development

The Retail Services Business Plan has been developed to support the WSLCB's mission and strategic goals/objectives/strategies. This Business Plan is a guidebook for the agency's retail operations and progress reviews. Course corrections will be made to this plan as circumstances change, or as more or different information becomes available. This is an evolving document and will be reported against quarterly and updated annually, consistent with the agency's review and update of its strategic plan.

The Business Plan is a guidebook for the agency's retail operations and progress reviews.

Teams of agency employees from all levels of the organization worked on the development of this plan to ensure a broad representation of experience and expertise. These teams focused on strategies with the greatest potential to create rapid, positive change in the retail operation by emphasizing best business practices and providing high-quality customer service, whether in state or contract stores. In addition, input on the components of this plan was sought from the agency's Business Advisory Council and from other stakeholders.

Milestones

The LCB and its Retail Services Division strive to maximize the return on investment to taxpayers and provide quality customer service. During the last 10 years, the agency has achieved the following milestones:

- 1994 Special Order Program by store managers initiated
- 1995 Contract store managers no longer considered state employees
- 1996 Wine Program introduced
- 1997 Agency Website launched
- 1997 Credit/debit card program implemented
- 1998 Enhanced technology & communications within agency launched
- 1999 Deloitte and Touche produce study of LCB's retail operations
- 1999 Washington State University's customer survey completed
- 2000 Governor's Retail Task Force established, submitted final report in December, 2000
- 2001 Wholesale-only outlet opened in Seattle

- 2000-02 Significant agency reorganization:
 - 2000--Administrative Director position created to direct daily agency operations
 - 2002--Board Members reduce working hours to 60 percent
 - 2002--Business Advisory Council formed
- 2002 New Distribution Center opens
- 2002 New Retail Services Director hired
- 2003 Board direction changes to focus on policy-making and assigns responsibility for daily operations to the Administrative Director

The information garnered from previous reviews and plans is incorporated into this plan. In many cases the above milestones represent the implementation of recommendations from past plans or reviews. This Retail Services Business Plan presents a guidebook for the next biennium and beyond based on best business practices and the practical and well-seasoned knowledge of experts in the industry.